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REPORT

SOUTH TANGIPAHOA PARISH
PORT COMMISSION

DECEMBER 31, 2001

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Release Date 7/10/02

SOUTH TANGIPAHOA PARISH PORT COMMISSION

DECEMBER 31, 2001

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INDEPENDENT AUDITOR'S REPORT

March 14, 2002

Board of Commissioners
South Tangipahoa Parish Port Commission
Pontchatoula, Louisiana

We have audited the general purpose financial statements of South Tangipahoa Parish Port Commission (Commission), Pontchatoula, Louisiana, as of December 31, 2001 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2001 and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 14, 2002 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

DuPlantier, Hrapmann, Hogan & Maher, LLP

SOUTH TANGIPAHOA PARISH PORT COMMISSION
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
DECEMBER 31, 2001

ASSETS

	<u>Governmental Funds</u>		<u>Account Group</u>	<u>Totals</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
Cash	\$ 378,834	\$ 6,087	\$ --	\$ 384,921
Certificates of deposit	839,874	--	--	839,874
Receivables:				
Ad Valorem taxes - delinquent	146,713	--	--	146,713
State revenue sharing	25,261	--	--	25,261
Port operator	12,100	--	--	12,100
From tax collector	189,939	--	--	189,939
Property and equipment	--	--	7,131,449	7,131,449
TOTAL ASSETS	\$ 1,592,721	\$ 6,087	\$ 7,131,449	\$ 8,730,257

LIABILITIES AND FUND EQUITY

Accounts payable	\$ 9,031	\$ --	\$ --	\$ 9,031
Total Liabilities	9,031	--	--	9,031
Investment in general fixed assets	--	--	7,131,449	7,131,449
Fund balance - unreserved, undesignated	1,583,690	6,087	--	1,589,777
Total Fund Equity	1,583,690	6,087	7,131,449	8,721,226
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,592,721	\$ 6,087	\$ 7,131,449	\$ 8,730,257

See accompanying notes.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
 COMBINED STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE -
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Funds		Totals
	General Fund	Capital Projects Fund	(Memorandum Only)
REVENUES:			
Ad valorem taxes	\$ 350,486	\$ --	\$ 350,486
State revenue sharing	37,892	--	37,892
Rental revenue	70,110	--	70,110
Interest revenue	52,463	--	52,463
Other revenue	123,008	--	123,008
Total revenues	633,959	--	633,959
EXPENDITURES:			
General government	233,441	--	233,441
Capital outlay	48,086	19,292	67,378
Total expenditures	281,527	19,292	300,819
Excess (Deficit) of Revenues over Expenditures	352,432	(19,292)	333,140
Other financing sources (uses):			
Operating transfers in (out)	(20,000)	20,000	--
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	332,432	708	333,140
FUND BALANCE, BEGINNING OF YEAR	1,251,258	5,378	1,256,636
FUND BALANCE, END OF YEAR	\$ 1,583,690	\$ 6,086	\$ 1,589,776

See accompanying notes.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem taxes	\$ 303,447	\$ 350,486	\$ 47,039
State revenue sharing	45,000	37,892	(7,108)
Self generated	145,553	245,581	100,028
Total revenues	494,000	633,959	139,959
Expenditures:			
General government	394,000	233,441	160,559
Capital outlay	100,000	48,086	51,914
Total expenditures	494,000	281,527	212,473
Excess of revenues over expenditures	--	352,432	352,432
Other financing sources (uses):			
Operating transfers in (out)	--	(20,000)	(20,000)
Excess of revenues and other financing sources over expenditures and other financing uses	--	332,432	332,432
FUND BALANCE, BEGINNING OF YEAR	1,101,767	1,251,258	149,491
FUND BALANCE, END OF YEAR	\$ 1,101,767	\$ 1,583,690	\$ 481,923

See accompanying notes.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

NATURE OF BUSINESS:

The South Tangipahoa Parish Port Commission (Commission) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 34:1951. The Commission is composed of seven members from the Parish of Tangipahoa who are appointed directly by the Governor. Each board member receives compensation per meeting attended payable exclusively from self-generated funds. The Commission consists of the boundaries and limits of Wards 6, 7 and 8 of Tangipahoa Parish. The Commission has authority to own, construct, operate and maintain property, structures and facilities necessary or useful for port, recreational, harbor and terminal purposes. The Commission also has the authority to make and enter into contracts, leases and other agreements with operating entities interested in the transportation, storage and shipping of products. Also, the Commission may levy annually an ad valorem tax not to exceed two and one-half mills on the dollar on the property subject to taxation located within its boundaries. The Commission presently has two paid employees, an Executive Director and Secretary.

The Commission presently maintains an office located in Ponchatoula, Louisiana, and a shallow water port facility located in Manchac, Louisiana. The port facility includes a dock with a 20,000 square foot warehouse, railroad siding adjacent to the Illinois Central Railroad track and a second dock with a 30,000 square foot transit facility. The port facility is presently operated under a Marine Terminal Operators Agreement with a contract operator.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY:

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity. The Commission is considered a separate reporting entity.

BASIS OF PRESENTATION:

The accompanying general purpose financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES THE GENERAL PURPOSE TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

GOVERNMENTAL FUNDS:

Funds of the Commission are classified as governmental funds. Governmental funds account for the Commission's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition or construction of general fixed assets. Governmental funds of the Commission include:

General Fund

The General Fund is the general operating fund of the Commission and accounts for all financial resources with the exception of those required to be accounted for in other funds.

Capital Projects Fund

The Capital Projects Fund accounts for financial resources received and used for the acquisition, construction or improvement of capital facilities not reported in the general fund.

ACCOUNT GROUPS:

General Fixed Assets Account Group

The accounting and reporting treatment applied to the fixed assets associated with a fund is determined by its measurement focus. Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurements of results of operations.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF ACCOUNTING:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

Revenues

The modified accrual basis of accounting is used by the governmental funds. Under the modified accrual basis, revenues are generally recognized when they become measurable and available as net current assets.

Ad valorem taxes are assessed on a calendar year basis and become due on November 15, of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year, and January and February of the ensuing year.

Federal and state grants are recorded when the reimbursable expenditures have been incurred. Revenues from rentals are recorded when earned. Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except for principal and interest on long-term debt which are not recognized until due.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financial sources (uses).

Inventories

The Commission uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The Commission did not record any inventory at December 31, 2001.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BUDGETS:

The Commission uses the following budget practices:

- 1) The Commission prepares its budget on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Commission adopted a budget for the General Fund for 2001.
- 2) The Commission's treasurer prepares the proposed budget and submits the same to the president and board of commissioners no later than fifteen days prior to the beginning of each fiscal year. The proposed budget for 2001 was presented to the president and board on November 17, 2000.
- 3) A public hearing is held on the proposed budget after publication of the call for the hearing. The public hearing on the proposed budget for 2001 was held on December 7, 2000.
- 4) After the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted. The budget for 2001 was adopted on December 7, 2000.
- 5) Budgetary amendments require the approval of the president and the board of commissioners. The budget for 2001 was amended on October 18, 2001.
- 6) All budgetary appropriations lapse at year-end.
- 7) Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the amended budget amounts.

CASH AND CASH EQUIVALENTS:

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash also includes amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

CASH AND CASH EQUIVALENTS: (Continued)

Under state law, the Commission may invest in United States bonds, treasury notes or certificates. These are reported separate from cash if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

COMPENSATED ABSENCES:

The Commission's secretary earns annual and sick leave at various rates depending upon length of service. Both annual and sick leave accumulate and can be used during the term of the employee's service. A maximum of 300 hours is paid upon separation from service but no unused sick leave is paid upon separation of service.

The Executive Director receives annual leave and sick leave each of which is non-cumulative and non-vesting. As of December 31, 2001, no accrual for employee leave benefits was made as the amount is not material.

FUND EQUITY:

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures in the following year or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

TOTAL COLUMNS ON STATEMENTS:

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

2. AD VALOREM TAXES:

Ad valorem taxes, which are general fund revenue, were authorized and levied at the rate of 2.09 mills during 2001.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

2. AD VALOREM TAXES: (Continued)

The Commission levies ad valorem taxes annually. These taxes are due in November and become delinquent on December 31. An enforceable lien is placed on property as of January 1 and the property is sold at public auction in June, if the ad valorem taxes have not been paid. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed.

The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year, and January and February of the ensuing year. The Commission is permitted by state law to levy an ad valorem tax not to exceed two and one-half mills on the property subject to taxation within Wards 6, 7 and 8 of Tangipahoa Parish. For 2001, the Commission levied 2.09 mills for a total tax levy of \$382,600 on taxable property valuation totaling \$183,066,000.

3. DUE FROM TAX COLLECTOR:

The due from tax collector in the amount of \$189,939 represents ad valorem tax collected on behalf of the Commission during December 2001 and held by the tax collector at December 31. The Commission received the funds in January 2002.

4. CASH AND CERTIFICATES OF DEPOSIT:

At December 31, 2001, the Commission had cash and certificates of deposit in the amount of \$394,054 and \$839,874, respectively.

The cash and certificates of deposit are stated at cost which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledged securities. The market value of the pledged securities and federal deposit insurance must at all times equal the amount on deposit. The pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The deposits of the Commission are held by several financial institutions. At December 31, 2001, the Commission had \$394,054 (bank balance) in cash deposits and \$839,874 (bank balance) in certificates of deposit which were covered by FDIC insurance and pledged securities held by a second bank in joint custody.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

5. CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets for the year ended December 31, 2001 follows:

	<u>Balance</u> <u>1/1/2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2001</u>
Land and improvements	\$ 476,874	\$ --	\$ --	\$ 476,874
Furniture and fixtures	16,639	--	--	16,639
Port facility	6,430,435	67,378	--	6,497,813
Port improvements and equipment	135,894	--	(14,397)	121,497
Automobile	<u>18,626</u>	<u>--</u>	<u>--</u>	<u>18,626</u>
Total	<u>\$7,078,468</u>	<u>\$67,378</u>	<u>\$(14,397)</u>	<u>\$7,131,449</u>

6. LEASES:

The Commission records operating leases as current expenditures in the accompanying financial statements. The following is an analysis of significant operating leases at December 31, 2001.

On January 31, 2000, the Commission entered into a thirty-six month lease for office space located at 163 W. Hickory Street, Ponchatoula, Louisiana. The lease requires the lessee to carry public liability insurance in the amount of not less than \$500,000 naming the lessor as an additional insured at no cost to lessor. The monthly rent is \$800. The following is a schedule of future minimum lease payments as of December 31, 2001:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2002	<u>\$9,600</u>

7. EMPLOYEE PENSION PLAN:

Plan Description

The Commission's secretary participates in the Louisiana State Employee's Retirement System – LASERS.

LASERS is a cost-sharing, single-employer defined benefit pension plan which covers state officers and employees and their beneficiaries.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

7. EMPLOYEE PENSION PLAN: (Continued)

Employee members as of June 30, 2001 are as follows:

Retirees and beneficiaries currently receiving benefits	30,992
Terminated vested employees not yet receiving benefits	1,300
Deferred retirement option plan participants	2,365
Terminated non-vested employees who have not withdrawn contributions	28,223
Current active members	<u>64,519</u>
	<u>127,399</u>

LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to LASERS, P.O. Box 44213, Baton Rouge, LA 70804-4213.

Contributions

Member contribution rates for LASERS are established by Louisiana Revised Statutes 11:62. Member contributions are deducted from their salary and remitted to LASERS by the Commission. The member contribution rate for year ended June 30, 2001 was 7.5% of covered payroll and totaled \$504.

The employer contribution rate is established under Louisiana Revised Statutes 11:101-11:104 annually by the Actuarial Forecasting Committee. The employer contribution rate for year ended June 30, 2001 was 13.0% of covered payroll and totaled \$1,087.

Benefits

Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from age upon completing thirty years of creditable service, to age sixty upon completing ten years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

The basic annual retirement benefit for substantially all members is equal to 2-1/2% of average compensation multiplied by the number of years of creditable service.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

7. EMPLOYEE PENSION PLAN: (Continued)

Benefits (Continued)

Disability Benefits

Substantially all members with ten or more years credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age eighteen, or age twenty-three if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Actuarial Methods and Assumptions

Valuation date	June 30, 2001
Actuarial cost method	Projected unit credit
Amortization method	Increasing annuity to 2029
Remaining amortization period	28 years
Asset valuation method	Utilizes a four-year weighted average of the unrealized gain or loss in the value of all assets at market.
Actuarial Assumptions:	
Investment rate of return	8.25% per annum
Mortality	Mortality rates were projected based on the 1983 Sex Distinct Graduated Group Annuity Mortality Table with females set at attained age plus one.
Termination, disability and retirement	Termination, disability and retirement assumptions were projected based on a five-year (1981-1986) experience study of the System's members.
Salary increases	Salary increases which range between 4.00% and 11.75% were projected based on a five year (1981-1986) experience study of the System's members.
Cost-of-living adjustments	None

SOUTH TANGIPAHOA PARISH PORT COMMISSION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

7. EMPLOYEE PENSION PLAN: (Continued)

Schedule of Funding Progress

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/99	\$5,574,958	\$7,582,856	\$2,007,898	73.5%	\$1,736,963	115.6%
6/30/00	6,170,978	8,257,313	2,086,335	74.7%	1,820,132	114.6%
6/30/01	6,418,296	8,652,591	2,234,295	74.2%	1,782,884	125.3%

The total actuarial accrued liability determined using the Projected Unit Credit cost method increased by \$395,278,122 from June 30, 2000 to June 30, 2001. There were de minimus changes in benefit provisions during the year. The experience account decreased to \$184,023,157 at June 30, 2001. Changes in the experience account for the year ended June 30, 2001, includes decrease of \$236,334,026 due to deficit investment income and increase of \$1,878,982 of accumulated interest on the fund balance and a reduction of \$89,062,912 to fund the COLA granted to retirees on July 1, 2001.

8. ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

9. RENTAL REVENUE:

The Commission allowed a telecommunications company to construct a communications tower on the Port Site in 1996. The lease on the tower site had an original term of 5 years with automatic renewals for four additional 5-year terms unless the telecommunications company cancels, in writing, 90 days prior to the end of a 5-year term. The lease permitted the telecommunications company to sublease parts of the tower with payments being made to the Commission.

The original lease with the telecommunications company began on September 1, 1996 and called for monthly payments of \$1,500 that escalated by 4% per annum. The telecommunications company entered into sublease agreements with other telecommunication companies commencing December 20, 1997 and August 21, 1998. These subleases required initial payments of \$750 per month each that also escalated by 4% at the end of each 12-month period.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2001

9. RENTAL REVENUE: (Continued)

The Commission expects to receive the following revenue from these leases:

<u>For the Year</u>	<u>Amount</u>
2002	\$ 43,120
2003	44,844
2004	46,638
2005	48,504
2006	<u>33,187</u>
Totals	<u>\$216,293</u>

10. SUBSEQUENT EVENT:

In early 2002, the Commission entered into a \$1.1 million contract for the construction of a transit shed at the Port Site. This contract will be funded as state project number 528-53-0002 through the Louisiana Department of Transportation.

SOUTH TANGIPAHOA PARISH PORT COMMISSION
 SCHEDULE OF COMPENSATION PAID TO COMMISSIONERS
FOR THE YEAR ENDED DECEMBER 31, 2001

Louisiana Revised Statute 34:1951(A) provides that each board member shall be compensated in the amount of seventy-five dollars per meetings, which shall be payable exclusively from self-generated funds. The Commission shall hold a regular meeting once each calendar month with a maximum of six additional special meetings annually. The Commission held 15 meetings during 2001.

<u>Commissioner</u>	<u>Meetings Attended</u>	<u>Amount</u>
Keith Bobb-Semple	14	\$ 1,050
John Irion	15	1,125
Robert Lansden	11	825
Charles McKaskle	15	1,125
Mark Perrilloux	14	1,050
Merlin Pistorius	12	900
Victor Raxsdale	15	<u>1,125</u>
		<u>\$ 7,200</u>

SOUTH TANGIPAHOA PARISH PORT COMMISSION
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
FOR THE YEAR ENDED DECEMBER 31, 2001

March 14, 2002

Board of Commissioners
South Tangipahoa Parish Port Commission
Pontchatoula, Louisiana

We have audited the general purpose financial statements of South Tangipahoa Parish Port Commission (Commission), Pontchatoula, Louisiana, as of and for the year ended December 31, 2001 and have issued our report thereon dated March 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Commission in a separate letter dated March 14, 2002.

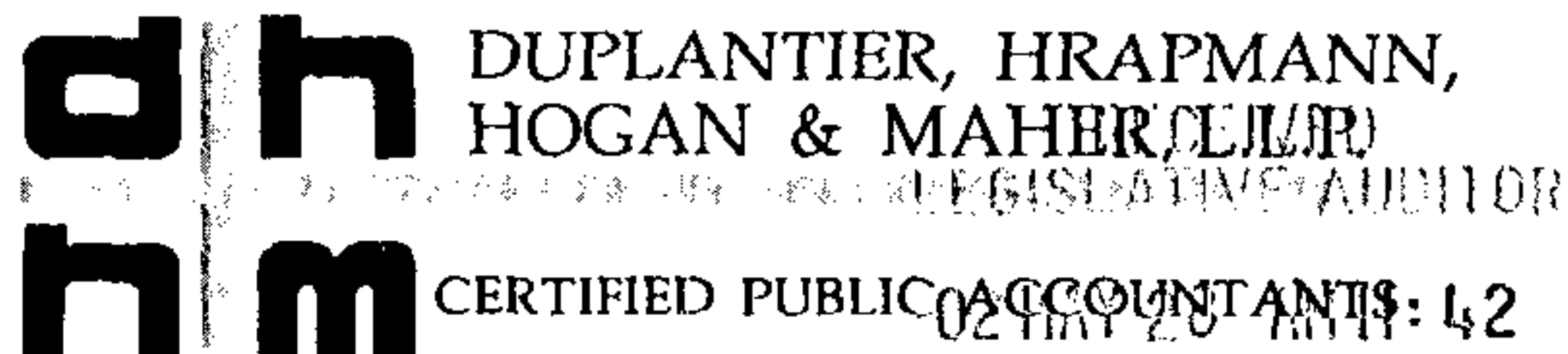
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Commission in a separate letter dated March 14, 2002.

This report is intended for the information of the Commissioners, management of the Commission and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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SOCIETY OF LA. C.P.A.'S

March 14, 2002

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SCHEDULES AND DATA COLLECTION FORM

SECTION 1: SUMMARY OF AUDITOR'S REPORT

A. FINANCIAL STATEMENT AUDIT OPINION:

We have audited the financial statements of the South Tangipahoa Parish Port Commission as of and for the year ended December 31, 2001 and have issued our report thereon dated March 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2001 resulted in an unqualified opinion.

B. REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL STATEMENTS:

Internal Control:

Material weaknesses - None noted
Reportable conditions - None noted

Compliance:

Noncompliance material to financial statements - None noted

C. Federal Awards:

N/A

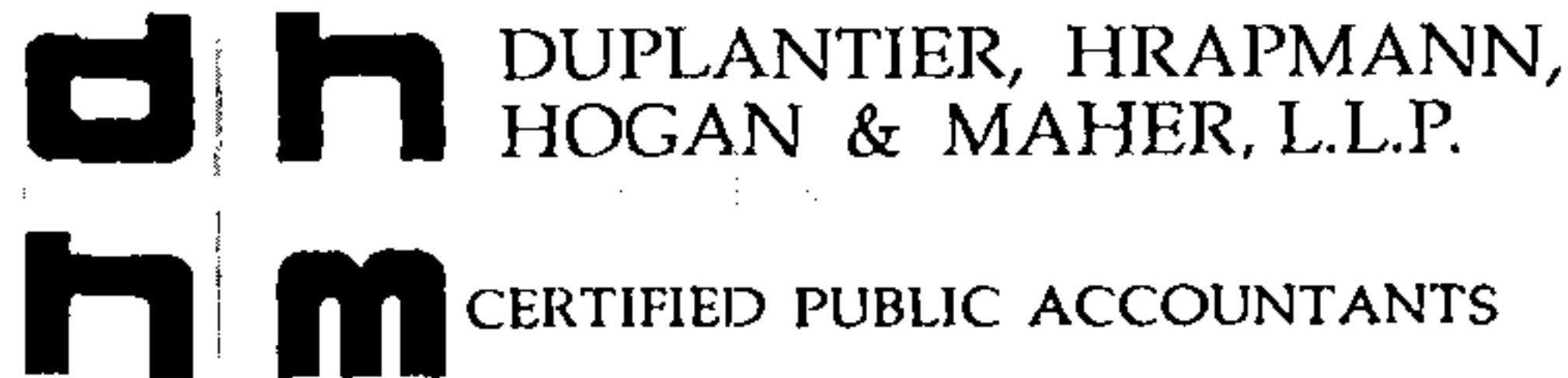
SECTION 2: FINANCIAL STATEMENT FINDINGS

A. CURRENT YEAR FINDINGS (OTHER MATTERS):

- 01-01 The internal controls over cash should include the agreement of the reconciled balance in each bank account to the general ledger balance at the end of each month. At December 31, 2001, the general ledger balance in the operating cash account exceeded the reconciliation balance by \$8,255. This was caused by voiding a check in the general ledger but not properly accounting for the voiding procedure in the reconciliation. Not reconciling cash per bank with the balance per the general ledger could result in the loss of funds. We recommend the Commission establish procedures to ensure that the bank reconciliation balance is agreed to the general ledger balance for each cash account on a monthly basis.
- 01-02 The Commission has historically accounted for the state project account as a capital project fund. This entails keeping the accounting records for the state projects separate from the general fund activity. When the Commission computerized its accounting function during 2001, the state project funds were accounted for as part of the general fund. Not reporting capital project activity in a separate fund could result in incorrect reporting of the capital project activity. We recommend a separate general ledger be established to account for the assets and activity of the state projects.
- 01-03 During the year ended December 31, 2001, the Commission computerized their accounting system. As a result, the fixed assets were included in the activity of the general fund. To properly account for fixed assets, a separate fund should be established for the fixed assets activity only. If the fixed assets are not accounted for using a separate fund, the assets could be reported incorrectly. We recommend that the fixed assets be set up in a separate fund.
- 01-04 Executive Order MJF 96-79 is applicable to all unclassified employees of the State of Louisiana. It requires that unclassified employees earn sick and annual leave based on years of service and credited monthly. It was noted that the Executive Director is an unclassified employee and does not earn leave in accordance with the above referenced Executive Order. We recommend the Commission's policy be reviewed and changed to comply with Executive Order MJF 96-79.
- 01-05 During the course of the audit it was discovered that the Executive Director is not contributing to the Louisiana State Employees' Retirement System. All state employees are required to contribute to the retirement system. However, there may be specific laws that exempt the Executive Director from becoming a member of the System. We recommend that the Commission review the laws pertaining to membership in the retirement system to determine if the Executive Director is required to be a member.

B. PRIOR YEAR FINDINGS (OTHER MATTERS):

NONE



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March 14, 2002

To the Commissioners and
Executive Director
South Tangipahoa Parish
Port Commission

In planning and performing our audit of the financial statements of South Tangipahoa Parish Port Commission for the year ended December 31, 2001, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control and its operations that we consider to be material weaknesses as defined above.

We noted other matters during the course of the audit which we feel should be presented to management:

The internal controls over cash should include the agreement of the reconciled balance in each bank account to the general ledger balance at the end of each month. At December 31, 2001, the general ledger balance in the operating cash account exceeded the reconciliation balance by \$8,255. This was caused by voiding a check in the general ledger but not properly accounting for the voiding procedure in the reconciliation. Not reconciling cash per bank with the balance per the general ledger could result in the loss of funds. We recommend the Commission establish procedures to ensure that the bank reconciliation balance is agreed to the general ledger balance for each cash account on a monthly basis.

The Commission has historically accounted for the state project account as a capital project fund. This entails keeping the accounting records for the state projects separate from the general fund activity. When the Commission computerized its accounting function during 2001, the state project funds were accounted for as part of the general fund. Not reporting capital project activity in a separate fund could result in incorrect reporting of the capital project activity. We recommend a separate general ledger be established to account for the assets and activity of the state projects.

To the Commissioners and
Executive Director
South Tangipahoa Parish
Port Commission

-2-

March 14, 2002

During the year ended December 31, 2001, the Commission computerized their accounting system. As a result, the fixed assets were included in the activity of the general fund. To properly account for fixed assets, a separate fund should be established for the fixed assets activity only. If the fixed assets are not accounted for using a separate fund, the assets could be reported incorrectly. We recommend that the fixed assets be set up in a separate fund.

We noted immaterial instances of noncompliance which we feel should be presented to management:

Executive Order MJF 96-79 is applicable to all unclassified employees of the State of Louisiana. It requires that unclassified employees earn sick and annual leave based on years of service and credited monthly. It was noted that the Executive Director is an unclassified employee and does not earn leave in accordance with the above referenced Executive Order. We recommend the Commission's policy be reviewed and changed to comply with Executive Order MJF 96-79.

During the course of the audit it was discovered that the Executive Director is not contributing to the Louisiana State Employees' Retirement System. All state employees are required to contribute to the retirement system. However, there may be specific laws that exempt the Executive Director from becoming a member of the System. We recommend that the Commission review the laws pertaining to membership in the retirement system to determine if the Executive Director is required to be a member.

This report is intended solely for the information and use of the management of South Tangipahoa Parish Port Commission and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP


Michelle H. Cunningham, CPA
Partner

MHC\ckr



COPY

April 25, 2002

Daniel F. Kyle, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804

Dear Dr. Kyle:

We offer the following corrective action plan in response to the matters noted by our auditor in the performance of the audit for the year ended December 31, 2001:

1. We will change our monthly reconciliation procedures to require that the bank balance be agreed to the general ledger balance.
2. We will establish a separate general ledger to account for the state project account as a capital project fund.
3. We will account for the general fixed assets of the general fund in a separate general ledger.
4. We will comply with Executive Order MJF 96-79 regarding the earning of annual and sick leave by the Commission's unclassified employee.
5. We will research the necessity of offering membership in the retirement system to all unclassified employees and will comply with the applicable requirements.

We trust that this response is adequate. If further information is required, please notify us immediately.

Sincerely,

Victor R. Raxsdale
Victor R. Raxsdale
President

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